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## SPEECH OF MR. BUCHANAN,

OF PENNSYLVANIA,

## ON THE SUB-TREASURY BILL.

IN SENATE—January 22, 1840.

Mr. BUCHANAN rose and said—Mr. President: It is not my purpose on the present occasion to go very much at length into a discussion of the provisions of this bill. I intend, in a great degree, indeed, almost exclusively, to confine myself to a reply, or at least an attempt to reply, to the remarks of the Senator from Kentucky, (Mr. CLAY.)

In all discussions, if we desire to arrive at a satisfactory conclusion, it is absolutely necessary that we should distinctly understand what is the question to be discussed. Then let me ask, what is the nature and character of the Independent Treasury bill now before the Senate?

Since the origin of the Government, our own responsible officers have always collected the public revenue, and have always disbursed the public revenue. Heretofore, during the intermediate space of time between its collection and its disbursement, it has been deposited with banking corporations. The object of this bill is to provide that our own responsible officers shall be substituted as depositaries, instead of banking corporations; and that these officers shall hereafter not only collect and disburse the public money as they have always done, but that they shall also have the custody of it between its collection and disbursement.

Under the provisions of this bill, every officer throughout the United States who receives public money is constituted a depositary. But there are certain points where very large sums of public money are collected, or are disbursed, or both; and at these points both the security of the revenue and the public convenience, require that there should be depositaries distinct from, and independent of, the collecting officers. These points are Philadelphia, New Orleans, New York, Boston, Charleston, and St. Louis. Accordingly, the bill proposes to convert the Mint at Philadelphia and the Branch Mint at New Orleans into places of public deposit, and entrusts the custody of the public money to the treasurers of these institutions respectively; and it creates sub-treasuries, each to be under the control of a receiver general, at New York, at Boston, at Charleston, and at St. Louis.

Thus far, sir, it will be perceived that this bill makes no change in the settled policy of the country, except merely to provide that the public money, in the intermediate time between its receipt into the Treasury and its disbursement, shall be entrusted to our own responsible officers, instead of irresponsible corporations.

In addition to these provisions, the bill contains what has been commonly denominated the specie clause. This section provides that one-fourth of the dues of the Government shall be collected in gold and silver after the 30th June, 1840, one half after the 30th of June 1841, three-fourths after the 30th of June, 1842, and after the 30th June, 1843, all the revenue of the government shall be collected, and all its disbursements shall be made, in gold and silver coin.

Now, sir, when separated from the details necessary to carry these principles into execution, this is the bill, the whole bill, and nothing but the bill which has excited so much unnecessary alarm throughout the country.

In discussing this bill, the Senator from Kentucky has divided his remarks into two general heads. He has first considered the bill according to what its friends say it is; and, in the second place, has discussed it according to what he himself believes it to be. In my reply I shall invert this order; because it is necessary first to prove that the Senator himself has entirely mistaken the nature and effects of the measure, and that its friends entertain a just conception of its character.

The senator held up the bill triumphantly to public view, and declared that it contained within its provisions a great Government Treasury bank. Now, if I cannot make it manifest as the light of day that in this proposition he is entirely mistaken, I shall then agree to surrender the whole argument.—The Senator has had an unsuccessful chase, throughout the provisions of this bill, after the lurking monster. Had he succeeded in dragging him into light, I should have been

one of the first men in the country to assist in putting him to instant death. But,

"He must have optics sharp, I woen,  
Who sees what is not to be seen."

This, I think, has been the case with the Senator from Kentucky.

Now, sir, what is a bank? According to the usual acceptance of the word in our country, it performs three offices. It receives deposits, it loans money upon discounts, and it issues a paper currency. I acknowledge that, in order to constitute a bank, it is not necessary that it should perform all these three functions. There are banks of discount and deposit only, and there are also banks of deposit and issue only; and this latter class of banks are the most secure of any in the world, when the deposits are confined to the precious metals, and the issues, in the form of certificates, do not exceed the sums actually deposited. Such was the Bank of Amsterdam, and such is now the Bank of Hamburg. It would be difficult to form an idea of a bank of issue alone, without deposits or discounts, although I know, from the utter inability of the Bank of England to regulate the paper currency of that kingdom, the question has been seriously considered whether one bank of issue ought not to be established, and all other banks be prohibited from emitting paper currency. It is certain that, at the present moment, a bank of issue, purely as a bank of issue, does not exist on the face of the earth. Now, sir, this bill does not authorize the public depositaries to receive money from individuals on deposit; and it not only does not authorize them to loan the public money entrusted to their care, but it makes such an act of felony, punishable by fine and imprisonment. This bill, then, clearly does not create a bank either of deposit or discount, and the Senator has not contended for any such proposition. He has confined himself to prove that it will create a bank of issue; and I shall examine this proposition a little more in detail.

And, in the first place, if there be a bank lurking in the bill, then we have had a Treasury bank in full operation ever since the origin of the Government, without having the least idea of its existence until the Senator from Kentucky made the discovery. There has been no period of time, since General Washington was first inaugurated in 1789, until the present day, when the Treasurer of the U. S. did not draw his warrants, either on banks or receiving officers, in favor of disbursing officers or creditors of the Government. Without this power the Treasury Department could not exist. Debts could not be paid to individuals, neither could the public revenue be applied to accomplish the objects contemplated by the Constitution. There is no other conceivable mode of conducting this branch of the public business. The bill makes no change whatever in this ancient and necessary practice, except to impose an important limitation upon it which has never heretofore existed; and yet, according to the Senator from Kentucky, it creates a bank of issue; and the drafts drawn by the Treasurer on the public depositaries, in favor of creditors and disbursing officers, are to be the paper currency which it will throw into circulation. This is the sum and substance of his whole argument on this point. He might, with the same reason, contend that, if an individual in extensive business had deposits in several banks, and was in the habit of paying his debts and advancing money to his agents by drawing drafts upon these banks, therefore he himself had established a bank of issue.—The cases are precisely analogous.

In what part of this bill has the Senator discovered the charter of his bank? He has referred to one, and only one clause, for the purpose of proving its existence. This is to be found in the tenth section of the bill, and, as it is very brief, I shall read it to the Senate. It is as follows:

"And for the purpose of payments on the public account, it shall be lawful for the Treasurer of the United States to draw upon any of the said depositaries, as he may think most conducive to the public interest, or to the convenience of the public creditors, or both."

There, sir, is the charter; and what is it but a mere recognition of the power which I have just been describing, and which has existed, and must necessarily have existed, ever since the origin of the Government? It requires the Treasurer of the U. States to consult both the public interest and the convenience of the public creditor, or both, in selecting the depositary on which to draw his warrant. This he has always done. In the first place he must select a depositary with whom there is an amount of money sufficient to meet the draft; and among such depositaries he must, unless the public interest forbids, draw upon that one where it will be most convenient for the public creditor to receive his money. Why, sir, this clause, so terrific to the imagination of the gentleman, might be stricken from the bill altogether, without producing the slightest inconvenience. The practice which it prescribes is that which must necessarily be pursued in paying the debts of the Government. And yet this simple and necessary power is the only part of the bill on which the Sena-

tor relies to establish his great Treasury bank!

But I said that this bill contained an important limitation which had never heretofore existed. This was introduced at the special session of 1837, upon my own suggestion. It was then apprehended that the holders of these Treasury warrants might not present them for payment within a reasonable time; and that a large amount of them might remain outstanding, and be used as bills of exchange. As these outstanding drafts would necessarily represent an equal amount of gold and silver in the hands of the depositaries, it was apprehended that, unless they were speedily presented for payment, a mass of them might continue floating in the community, and thus produce an accumulation of specie in the hands of the depositaries which might prove injurious to the banks. To prevent this evil—to render the draught upon the banks for specie as light as possible—and to cause the gold and silver to flow out of the Treasury into general circulation as rapidly as it had flowed into it, this amendment was adopted. It now constitutes the 23d section of the bill, and is as follows:

"Sec. 23. And be it further enacted, That it shall be the duty of the secretary of the treasury to issue and publish regulations to enforce the speedy presentation of all government drafts for payment at the place where payable, and to prescribe the time, according to the different distances of the depositaries from the seat of government, within which all drafts upon them, respectively, shall be presented for payment; and, in default of such presentation, to direct any other mode and place of payment which he may deem proper. But in all those regulations and directions, it shall be the duty of the secretary of the treasury to guard, as far as may be, against those drafts being used, or thrown into circulation, as a paper currency or medium of exchange."

One might have supposed, from the extreme horror of the gentleman lest the bill might contain a treasury bank, that he would have been delighted with the provisions of this section. Not so. On the contrary, he has declared, in the most solemn manner, that it confers a tremendous power on the secretary of the treasury, to which no people, jealous of their liberties ought to submit.—The senator is hard to please. He first denounces, in the strongest terms, the tenth section of the bill, because the treasury drafts issued under its authority will, in his opinion, become the circulating medium of his treasury bank; and, almost at the very next breath, he denounces, in terms equally strong, the very section which renders it impossible that they ever can become such a circulating medium.

And what is this tremendous power vested in the secretary of the treasury by the 23d section? Independently of postmasters, there are, perhaps a hundred and fifty receivers of public moneys in the United States. These are scattered from Maine to Georgia, and from the Atlantic to the far west. Some of them are at the distance of fifty miles, and others are a thousand miles from Washington. From the nature and necessity of the case, the discretionary power is conferred upon the secretary to regulate "the speedy presentation" of these drafts, according to the different distances of the depositaries from the seat of government; but even this is to be done in such a manner as to prevent them from being thrown into circulation as a paper currency or medium of exchange.—And yet this is the tremendous power so much to be dreaded! No other provision could have been made. It would have been a work of endless and unnecessary labor to have attempted to enumerate each of the depositaries in the bill, and to have prescribed the time within which drafts on each of them should be presented for payment.—This is a mere matter of detail which must be yielded to the discretion of the secretary.

And now what, in plain English, is this government bank? It is no other than the power which has always been exercised by the treasurer of the United States, to pay the public creditors, and to advance money to the disbursing officers by means of drafts on the public depositaries; with a new restriction, however, imposed upon the holders of these drafts, requiring their speedy presentation, for the express purpose of preventing the possibility of their ever becoming a circulating medium. Any man who can distinguish between a hawk and a hand saw can discriminate between this simple provision and a great government treasury bank.

The senator, feeling that he has no foundation on which to erect his treasury bank in the bill, as it is, has taxed his fancy—a never failing resource—to alarm our fears as to what it will become hereafter. He leaves the present far behind, and looks forward to the future. He predicts that, in less than three years, necessity will compel us to change the independent treasury into a bank issue. Having given his fancy the reins, he tells us how this will be performed. The secretary of the treasury, instead of giving single drafts on the depositaries for the amount due to public creditors, and the sums to be advanced to disbursing officers, is to have drafts prepared upon bank paper, in the likeness of bank notes of the denomination of

twenty, of fifty, and of a hundred dollars.—These drafts he is to pay out like bank paper. The restriction is to be repealed requiring their speedy presentation to the depositaries. They are to become the general circulating medium of the country. In less than ten years the receivers general are to have between forty and fifty millions of gold and silver in their vaults, to be represented by the same amount of treasury drafts in circulation, and in the possession of the banks. The government then, calculating that the demand upon these depositaries will not require them to keep this amount of specie on hand, will draw it out clandestinely for their own purposes, as was formerly done from the Bank of Amsterdam; and some future president will, by means of this stolen money, subvert the government, and destroy the liberties of the people.

Now, sir, is not this the merest fancy picture that was ever sketched? It is all the offspring of the senator's own prolific imagination. It is all prophecy, and no fact.—Even by his own showing, there is no foundation for it in the bill. On the contrary, every precaution has been used to prevent the possibility of any such occurrences.

And what reason has he to predict that the friends of this measure will change all their principles and purposes in less than three years, and, by new legislation, convert the independent treasury into a government bank? Has not every Senator perceived the holy horror with which my friend from Missouri (Mr. Benton) was inspired at the bare idea that the government might ever issue "notes, bills or paper," receivable in payment of the public dues? His lynx-eyed jealousy seized hold of these general expressions, in the 19th and 20th sections of the bill, and, although there was nothing on the face of the earth on which these words could operate, unless possibly on some straggling treasury note which might remain unredeemed long after it became payable, yet he had them stricken from the bill. "He snuffed the tainted breeze" from afar; and, although there was no present danger, yet he saw a possibility that these words might have a meaning hereafter, and that, in future years, the government might be willing to issue "notes, bills or paper," and therefore, we all united with him in voting for his amendment. This was, in the phrase of the lawyers, the exclusion of any conclusion which might by possibility be drawn from these general words in favor of government paper.

But again: did not the senator from Kentucky perceive with what alacrity the friends of the bill supported the amendment of his colleague, (Mr. Crittenden,) imposing it upon the secretary of the treasury as a solemn duty, to take care, in his regulations for the speedy presentation of government drafts to the depositaries, that these drafts, as far as may be, shall never be used as a paper currency or medium of exchange?

Suppose it were possible that the secretary of the treasury, without authority, and in the very face of the provisions of this bill, and the known and avowed opinion of its friends, should, as the senator supposes he might, circulate these government drafts in the form of bank paper, and of the denomination of twenty, fifty, and a hundred dollars, what do you think would be the consequences? He would instantly be deprived of his office for this violation of law, and would be justly held up to public execration. In justice to that officer, I ought to say that I am not one of those who consider it possible that he could ever dream of pursuing such a course, without the express authority of congress; and I may venture to predict, with unerring certainty, that such an authority will never be conferred upon him by the present party in power. But even if he should thus violate his duty, whilst the 23d section of this bill shall remain in force, these drafts never could become a general circulating medium; and therefore, there could never be, as the senator supposes, an accumulation of forty-five or fifty millions of dollars in the hands of the depositaries. But, even if this miracle should be accomplished, and a future president should attempt to embezzle this money for the purpose of subverting the government, there would still be one most unpleasant obstacle in his way. He would then, under the provisions of this bill, be guilty of felony, and would be transferred from the white house to the penitentiary. The truth is, that "these hydras, gorgons, and chimeras dire," exist only in the senator's imagination.

The senator in a triumphant tone, exclaimed that, by the passage of the bill, the union of the purse with the sword will be consummated in the hands of the president. This, if true, would indeed be fearful. It would be the death-knell of civil liberty in this country. Wheresoever the power over the purse and the sword is united in the hands of one man, there the government is despotic. If any executive magistrate, be he king, or be he president, possesses the sole power to declare war, to raise armies, to impose taxes, and to expend the public money at his pleasure, there must be an end of civil liberty in that country. This and this alone, is what I understand to be a union of the sword and the purse. But, under our constitution and laws, the president neither has nor ever can

have, the power over either. Can he declare war? No, sir: the constitution expressly confers this power upon congress. Can he enlist soldiers? No, sir: he could not raise a single company to go to Florida, because congress alone has the power to raise and support armies. Can he impose taxes upon the people, or borrow money? No, sir: congress is exclusively vested with the power of laying taxes and borrowing money.—But after this money shall have reached the treasury, can he apply a dollar of it to any use, public or private? No, sir: no money can be drawn from the treasury, but in consequence of appropriations made by congress. Nay, more; if the president were so far to forget the duties of his high station as to enter into a collusion with any of the depositaries, and draw one dollar of public money out of their possession, he would, like any other citizen, subject himself to fine and imprisonment. And this is the union of the purse and sword, which the senator has so feelingly described! This phrase, I thought, had had its day, and had passed into oblivion; but the senator has again conjured up a spectre, for the purpose of alarming our fears.

The senator tells us that he has been warring in vain for the last ten years against the extension of executive power and influence. Now, sir, if he had informed us that he had been warring against the executive, but in favor of an increase of executive power and influence, in my humble opinion he would have come much nearer the mark. It is, perhaps, the strangest spectacle which has ever been presented on the face of the earth, that in this war, waged by the senator's political party against the executive, he has been endeavoring to deprive himself of power, whilst they have been struggling to prevent him from making this self-sacrifice.

Let me remind the senator of a few instances; and first, in regard to internal improvements. I happened to be a member of the other house during the administration of Mr. Adams. I do not intend now to cast any censure upon that administration. I speak merely of historical facts. In those days, by virtue of an act of congress, the president exercised the discretionary power of making as many surveys for internal improvements as he thought proper, all of which, it was hoped by those interested, would, at some future day, be constructed by the general government. Splendid projects of such improvements were presented to dazzle the fancy and excite the cupidity of almost every man in the country. Our engineers were constantly traversing the union from east to west, and from north to south; and before they were arrested in their career, the estimated cost of completing the improvements which they had surveyed or projected if my memory serves me, amounted to more than one hundred millions of dollars. Here was a vast field for executive influence and power. The fat jobs which might have been bestowed on favorites; the actual expenditure of immense sums of money, and the alluring hope presented by the mere survey of any rail-road, turnpike-road, or canal, in which masses of people felt an interest, all contributed to swell the tide of executive influence. Now, sir, was there ever a lure more tempting to executive ambition than this power of pouring out the public treasure to benefit, and, in their estimation, to bless a large proportion of the people of this country? What was the conduct of the old Roman in regard to this question? For the good of his country he sacrificed all this power and all this patronage. His veto of the Maysville road bill arrested the whole system; and, strange as it may seem, a portion of the gentleman's ten years' war against the executive consisted in denouncing this voluntary surrender of executive power an influence as ruinous to the best interest of the country.

Again: the very bill now before the senate, against which the gentleman has been warring, is one of the strongest proofs which the present chief magistrate could give, that he is willing to abandon a large portion of executive influence. In 1837, there were between eighty and ninety government deposit banks, scattered over every state in the union. What an immense political power might have been exercised by the president through the agency of these banks!—We know, from letters read at the called session, that they were not very scrupulous, "where thrift would follow fawning." Affiliated as they were, if the president had been disposed to exert an improper influence over them, they might have been used with prodigious effect to accomplish his purposes. The selection of these depositaries—the amount of the public money which they should receive—how long they should retain it, and in what manner they should conduct their business—all, all was left to executive discretion. What a boundless field for executive influence is that which the president now desires to abandon! And yet the senator, both at the called session, and the session succeeding it, warring in favor of compelling him to retain in his hands this unbounded source of political patronage and power. He preferred then, and such is his detestation for the present bill, would I presume, even now prefer, the deposit bank system to the independent treasury.